

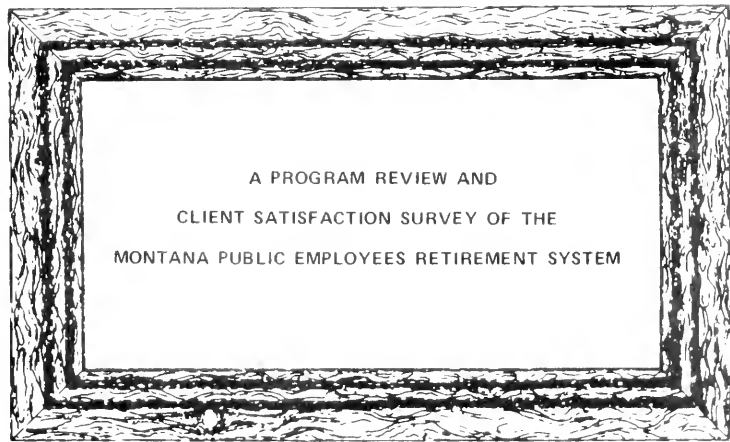
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# OFFICE OF THE GOVERNOR

## - BUDGET & PROGRAM PLANNING -



Thomas L. Judge, Governor



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A program review and client satisfaction



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A PROGRAM REVIEW AND  
CLIENT SATISFACTION SURVEY OF THE  
MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM

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## INTRODUCTION

The Public Employees Retirement System (PERS) provides retirement, disability and survivor benefits to the state's public employees. The system is organized as a division administratively attached to the Department of Administration under the Public Employees Retirement Board. The primary goal of the Retirement Division is to provide adequate retirement benefits on a funded basis to retired public employees in the most efficient manner possible. Employees who are members of P.E.R.S. contribute to the funding of the system along with their employers. Employees of state, county, and municipal governments are members of P.E.R.S. During FY 1977 P.E.R.S. had a total membership of 35,363, which included 30,791 active members and 4,572 benefit recipients. The system paid out \$10.6 million in benefits during fiscal year 1977.

Pursuant to Section 82-1315 (1), R.C.M. 1947, which mandates that "the Office of the Governor shall continuously study, and evaluate the organizational structure, management practices, and functions of the executive branch", each biennium the Office of Budget and Program Planning conducts program reviews of selected state agencies. The reviews are designed to improve the management of the agency and to upgrade services to the public through recommendations for executive or legislative actions.

Two surveys were conducted. The first survey compared Montana's retirement system to similar systems in other states. The main objective of this survey was to determine whether Montana allocated sufficient resources to its retirement program in relation to the amount and type of work to be accomplished. The survey requested



information from several states in the western region of the United States as well as from those approximately equal to Montana in population size. The questionnaire was designed to obtain information regarding the size, the cost of operation, and organizational structure of the retirement systems. Quantitative comparisons of resource allocations among systems are presented in the following chapter.

A client satisfaction survey was also conducted to gather information regarding the functioning of P.E.R.S. from the perspective of the system's client (i.e., the retiree). The survey was mailed to a sample of benefit recipients who were asked to respond to questions regarding the adequacy and quality of the services which they received from the P.E.R.S. division. The major objective of the survey was to measure client satisfaction with the services provided. A second objective was to determine the extent to which various sources of pre-retirement information were used and the extent to which these sources provided useful information to the retiree. The survey's final objective was to establish a baseline from which an improvement or deterioration in service could be measured.

The methods of program analysis used to evaluate P.E.R.S. do not provide a complete picture of the effectiveness of the retirement system. The study did not assess how well P.E.R.S. served the interests of the active, nonretired members of the system. However, it is the retired members who are to be the primary beneficiaries of P.E.R.S. and their evaluation of the system was considered more essential than that of the nonretired members.





A COMPARATIVE SURVEY OF  
STATE RETIREMENT SYSTEMS

This survey was designed to measure whether Montana allocated sufficient resources to its retirement system in relation to the amount and type of work to be accomplished. The survey compared the size, cost, and organizational structure of Montana's Public Employees' Retirement System with similar organizations in other states. Efficiency measures were used to compare Montana to other states. These measures provide an indication of how well Montana's resources are being used compared with other states. While these are not the only available criteria by which to measure program efficiency, they provide a general indication of how well Montana's program is operated and whether the state is correctly allocating resources to the administration of the retirement program.

States selected to participate in the comparative survey were chosen for geographical proximity to Montana and comparable population size -- less than 1,000,000 inhabitants. For analytical purposes the responding states were grouped into two non-mutually exclusive categories as a basis for comparison with Montana. It was assumed that states of comparable population and regional proximity would have similar available resources and similar demands placed on their retirement systems. A group consisting of the Rocky Mountain and Northern Great Plain States includes the states of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, South Dakota, Utah and Wyoming. The other



group consisting of states with a population of less than 1,000,000 persons includes the states of Alaska, Delaware, Hawaii, Idaho, Maine, Montana, Nevada, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, Wyoming.

The survey questions chosen were directed at quantifiable aspects of the retirement program. Information was to be obtained about measurable dimensions of program efficiency. Questions were asked regarding the number of members in the system (both active and retired), operational cost, number of full-time equivalent employees, amount of assets, amount of benefits paid, and funding sources. The states were also requested to furnish copies of their organizational charts, enabling legislation and any informational brochures that were available. In Montana, comparable information was obtained from the P.E.R.S. and Teachers Retirement Systems. The tabular presentation of results shows the relative rankings of both systems and a hypothetical ranking for a combined Montana system. A copy of the complete questionnaire is included for reference in the appendix.

Material provided by responding states indicated some major differences in the overall organizational size and structure of the various retirement systems. These differences include membership composition, retirement board structure, administrative location and funding source.

Membership composition - The retirement system in Montana is mandatory for employees hired in a permanent capacity by any agency or contracting agency, including county, city, school district or other eligible public agency. Other employees have the option of



joining if they so desire, for example, elected officials. The retirement division also administers retirement systems for judges, sheriffs, policemen, game wardens, highway patrolmen and volunteer firemen. The State Teachers Retirement System (TRS) is administratively separate from P.E.R.S. and is independently operated by its own board and staff. All states surveyed except Alaska, Arizona, New Mexico, North Dakota and Vermont, include teachers within one retirement system. Four states, Delaware, Rhode Island, Vermont, and Utah do not include local employees within their systems. As an example of differences between states, Vermont has three separate retirement systems: Vermont State Retirement System, Vermont State Teachers' Retirement System and Vermont State Municipal Employees' Retirement System. Each system is administered by a separate board of trustees. The systems' offices are maintained as a separate division in the office of the State Treasurer who is, by statute, an ex-officio member of the three boards of trustees.

Retirement board structure - All states use a retirement board (or board of trustees) to govern the retirement system. The number of members on the board varies from state to state. South Dakota has the greatest number of members on the board with 16. Alaska, Idaho, North Dakota and Montana have the fewest with five members on the board. The average number of members is seven. Board members are either appointed by the Governor or elected by the membership of the system. The Montana Public Employees Retirement Board is appointed by the Governor.



Three members must be members of P.E.R.S. with two others selected at-large. All states attempt to represent the different membership interests by selecting representatives from the various occupational groups covered by the system such as teachers, state patrolmen, and municipal employees. In most states, although not Montana, ex-officio membership on the board is accorded other agencies of government with a significant interest in the operation of the retirement system such as the State Treasurer or Personnel department.

Administrative location - In eight states the retirement board is operated as a separate, independent administrative entity. In two states, Colorado and Utah, the retirement board is operated as a department within the state government. Six states have established the retirement system as part of another larger department, usually with division level status. Within these six states, two states locate the retirement function in the state treasurer's office, two place it in the Department of Administration (including Montana), one in the Department of Budget and Finance and one in the Department of Manpower Affairs.

Funding source - With the exception of three states, the survey indicated that operational funds were derived from investment income from the retirement fund or payments from employer - employee contributions. The other three states rely upon general fund appropriations for operational support.

Table 1 summarizes the information obtained regarding board membership, administrative location and funding source for the states surveyed. Three measures of organizational structure;





# SURVEY OF STATE RETIREMENT SYSTEMS

## TABLE I: OVERVIEW

<u>STATE</u>	<u>BOARD MEMBERSHIP</u>	<u>ADMINISTRATIVE LOCATION</u>	<u>ADMINISTRATIVE FUNDING SOURCE</u>
Montana	5 member board - all appointed	Dept. of Administration - Public Employees Retirement Division	General fund, Earmarked Revenue fund, Agency fund
Alaska	5 member board - 2 elected	Dept. of Administration - Division of Retirement and Benefits	Retirement System
Arizona	7 member board - all appointed	Independent retirement system board	Retirement Investment fund
Colorado	14 member board - 12 elected	Dept. of Public Employees Retirement Association	Investment Earnings
Delaware	?	State Treasurer - Office of Pensions	State General fund, Special funds, Employee contributions, Investment Income
Hawaii	6 member board - 3 elected, 3 appointed	Dept. of Budget & Finance	General fund
Idaho	5 member board - all appointed	Office of the Governor - Retirement Board	Employer Contributions
Maine	7 member board - 3 appointed	Independent retirement system	State District
Nevada	7 member board - all appointed	Independent retirement board	Investment Income Administrative Fees
New Hampshire	?	Independent board of trustees	Administrative Charges
New Mexico	10 member board - all elected	Independent retirement board	Income fund
North Dakota	5 member board - 3 advisory members	Independent retirement board	Employer Contribution
Rhode Island	?	Independent retirement board	State Appropriation
South Dakota	16 member board - all elected	Dept. of Manpower Affairs	3% Employee - Employer Contributions
Utah	7 member board - 6 appointed	Independent Retirement Office	Interest Earnings on Investment fund
Vermont	6 member board - 3 elected, 3 ex-officio	State Treasurer - Retirement Division	General fund, Highway fund, Fish & Game fund, Special funds, Federal funds
Wyoming	9 member board - 6 appointed	Independent Retirement System	System's Income



system membership - divided into active members and benefit recipients, fund assets, and benefits paid are used to compare P.E.R.S. with other states. These indicators are then combined with measures of system operation (i.e., FTE, operating costs, etc.) to judge resource allocations among the states.

System membership - (Tables 2 through 7)

Arizona ranks first in total membership among the Rocky Mountain and Northern Great Plain States with 127,200 members. North Dakota ranks last with 11,566 members. Montana ranks sixth in total membership with 35,363 members. This is slightly under the average for the 11 states of 48,830 members. This ranking holds where only active membership is considered. When benefit recipients are considered separately, Colorado ranks first with 14,000 recipients and Montana is again sixth with 4,572 benefit recipients.

Among states with a population less than one million, Hawaii has the largest system with 60,831 total members. North Dakota is again the smallest and Montana ranks fifth in total membership. Montana drops to seventh when benefit recipients are considered alone.

Overall Montana's retirement system is slightly smaller in membership than the average system among those surveyed. If the Public Employees Retirement System and the Teachers Retirement System are combined and the total compared to the other states, Montana's ranking climbs. Montana would rank fourth among the Rocky Mountain and Northern Great Plain States and third among states with population less than one million.



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 2

Active Membership (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Active Membership</u>	<u>Rank</u>
Montana	PERS	30,791	6
Montana	TRS	15,429	10
Montana	Both systems	46,220	NA [4]
Arizona	SRS	114,700	1
Colorado	PERA *	90,207	2
Idaho	PERS*	37,559	5
Nevada	PERB*	43,453	4
New Mexico	PERB	25,763	8
North Dakota	PERS	10,466	11
South Dakota	RS*	25,410	9
Utah	SRB*	62,815	3
Wyoming	RS*	28,500	7

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 3

Active Membership (FY 77)

States with population less than one million

<u>State</u>		<u>Active Membership</u>	<u>Rank</u>
Montana	PERS	30,791	5
Montana	TRS	15,429	12
Montana	<b>Both</b> systems	46,220	NA [2]
Alaska	PERS	15,816	11
Delaware	SEPS*	24,094	10
Hawaii	ERS*	50,437	1
Idaho	PERS*	37,559	4
Maine	SRS*	44,166	2
Nevada	PERB*	43,453	3
New Hampshire	RS*	28,232	7
North Dakota	PERS	10,466	14
Rhode Island	ERS*	26,843	8
South Dakota	RS*	25,410	9
Vermont	SRS*	13,600	13
Wyoming	RS*	28,500	6

\*Includes teachers





# SURVEY OF STATE RETIREMENT SYSTEMS

Table 4

Benefit Recipients (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Benefit Recipients</u>	<u>Rank</u>
Montana	PERS	4,572	6
Montana	TRS	4,146	8
Montana	Both systems	8,718	NA [4]
Arizona	SRS	12,500	2
Colorado	PERA*	14,000	1
Idaho	PERS*	8,573	4
Nevada	PERB*	4,318	7
New Mexico	PERB	3,353	10
North Dakota	PERS	1,100	11
South Dakota	RS*	5,039	5
Utah	SRB*	10,072	3
Wyoming	RS*	3,940	9

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 5 Benefit Recipients (1977)

States with population less than one million

<u>State</u>		<u>Benefit Recipients</u>	<u>Rank</u>
Montana	PERS	4,572	7
Montana	TRS	4,146	10
Montana	Both systems	8,718	NA [3]
Alaska	PERS	1,794	13
Delaware	SEPS*	4,247	9
Hawaii	ERS*	10,394	2
Idaho	PERS	8,573	3
Maine	SRS*	14,120	1
Nevada	PERB*	4,318	8
New Hampshire	RS*	5,125	5
North Dakota	PERS	1,100	14
Rhode Island	ERS*	6,439	4
South Dakota	RS*	5,039	6
Vermont	SRS*	3,226	12
Wyoming	RS*	3,940	11

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 6

Total Membership\*\* (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Total Membership</u>	<u>Rank</u>
Montana	PERS	35,363	6
Montana	TRS	19,575	10
Montana	Both systems	54,938	NA [4]
Arizona	SRS	127,200	1
Colorado	PERA*	104,207	2
Idaho	PERS*	46,132	5
Nevada	PERB*	47,771	4
New Mexico	PERB	29,116	9
North Dakota	PERS	11,566	11
South Dakota	RS*	30,449	8
Utah	SRB*	72,887	3
Wyoming	RS*	32,440	7

\*Includes teachers

\*\*Active membership plus benefit recipients



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 7

Total Membership\*\* (FY 77)

States with population less than one million

<u>State</u>		<u>Total Membership</u>	<u>Rank</u>
Montana	PERS	35,363	5
Montana	TRS	19,575	11
Montana	Both systems	54,938	NA [3]
Alaska	PERS	17,610	12
Delaware	SEPS*	28,341	10
Hawaii	ERS*	60,831	1
Idaho	PERS*	46,132	4
Maine	SRS*	58,286	2
Nevada	PERB*	47,771	3
New Hampshire	RS*	33,357	6
North Dakota	PERS	11,566	14
Rhode Island	ERS*	33,282	7
South Dakota	RS*	30,449	9
Vermont	SRS*	16,826	13
Wyoming	RS*	32,440	8

\*Includes teachers

\*\*Active membership plus benefit recipients





Fund assets - (Tables 8 and 9)

Colorado ranks first among the Rocky Mountain and Northern Great Plain States in fund assets with \$1,402.2 million, Montana ranks seventh with \$163.2 million, and North Dakota ranks eleventh with \$33.6 million. Among the states with population less than one million, Hawaii ranks first and Montana ranks ninth. The average fund assets among all the states surveyed is \$375.6 million. Montana's fund assets are considerably less than the state's average, although when the assets of both Montana systems are combined, Montana is much closer to the average with assets of \$307.9 million.

Benefits paid - (Tables 10 and 11)

Montana ranks seventh in both categories of states in the amount of benefits paid with \$10.6 million. Colorado ranks first among the Rocky Mountain States with \$43.7 million and Maine ranks first among the small states with \$55.4 million. North Dakota is last with \$.2 million in both categories.

Staff size - (Tables 12 and 13)

Each state was asked to indicate the number of full-time equivalent (FTE) staff positions which were authorized to operate the retirement system. Montana places seventh with 20.25 FTE among the Rocky Mountain and Northern Great Plain States; Utah is first with 48.5 FTE. Among the states with population less than one million, Maine and Nevada are tied for first place with 39 employees while Montana is ranked sixth.

Total membership per employee - (Tables 14 and 15)

To compare the relationship between staff size and total system membership, a ratio was constructed using the number of system members



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 8

Fund Assets (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Assets (\$ millions)</u>	<u>Rank</u>
Montana	PERS	\$ 163.2	7
Montana	TRS	144.7	10
Montana	Both systems	307.9	NA [5]
Arizona	SRS	1,059.0	2
Colorado	PERA*	1,402.2	1
Idaho	PERS*	194.0	6
Nevada	PERB*	445.6	3
New Mexico	PERB	236.4	5
North Dakota	PERS	33.6	11
South Dakota	RS*	150.6	9
Utah	SRB*	422.0	4
Wyoming	RS*	159.0	8

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 9

Fund Assets (FY 77)

States with population less than one million

<u>State</u>		<u>Assets</u> (\$ millions)	<u>Rank</u>
Montana	PERS	\$163.2	9
Montana	TRS	144.7	12
Montana	Both systems	307.9	NA [3]
Alaska	PERS	191.0	7
Delaware	SEPS*	127.0	13
Hawaii	ERS*	886.6	1
Idaho	PERS*	194.0	6
Maine	SRS*	223.6	5
Nevada	PERB*	445.6	2
New Hampshire	RS*	238.1	4
North Dakota	PERS	33.6	14
Rhode Island	ERS*	280.0	3
South Dakota	RS*	150.6	11
Vermont	SRS*	173.9	8
Wyoming	RS*	159.0	10

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 10

Benefits Paid (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Benefits Paid (\$ millions)</u>	<u>Rank</u>
Montana	PERS	\$10.6	7
Montana	TRS	15.4	6
Montana	Both systems	26.0	NA [3]
Arizona	SRS	39.4	2
Colorado	PERA*	43.7	1
Idaho	PERS*	20.2	3
Nevada	PERB*	17.7	5
New Mexico	PERB	8.1	8
North Dakota	PERS	.2	11
South Dakota	RS*	6.0	9
Utah	SRB*	19.5	4
Wyoming	RS*	5.5	10

\*Includes teachers





# SURVEY OF STATE RETIREMENT SYSTEMS

Table 11

Benefits Paid (FY 77)

States with populations less than one million

<u>State</u>		<u>Benefits Paid (\$ millions)</u>	<u>Rank</u>
Montana	PERS	\$10.6	7
Montana	TRS	15.4	6
Montana	Both systems	26.0	NA [4]
Alaska	PERS	NA	NA
Delaware	SEPS*	1.2	12
Hawaii	ERS*	51.8	2
Idaho	PERS*	20.2	4
Maine	SRS*	55.4	1
Nevada	PERB*	17.7	5
New Hampshire	RS*	9.7	8
North Dakota	PERS	.2	13
Rhode Island	ERS*	31.9	3
South Dakota	RS*	6.0	10
Vermont	SRS*	8.9	9
Wyoming	RS*	5.5	11

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 12

Staff Size (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Staff Size (FTE)</u>	<u>Rank</u>
Montana	PERS	20.25	7
Montana	TRS	9.87	9
Montana	Both systems	30.12	NA [5]
Arizona	SRS	39	2.5
Colorado	PERA*	NA	NA
Idaho	PERS*	33	4
Nevada	PERB*	39	2.5
New Mexico	PERB	21	6
North Dakota	PERS	9	10
South Dakota	RS*	27.3	5
Utah	SRB*	48.5	1
Wyoming	RS*	13	8

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 13

Staff Size (FY 77)

States with population less than one million

<u>State</u>		<u>Staff Size (FTE)</u>	<u>Rank</u>
Montana	PERS	20.25	6
Montana	TRS	9.87	12
Montana	Both systems	30.12	NA [3]
Alaska	PERS	10	10.5
Delaware	SEPS*	10	10.5
Hawaii	ERS*	30	4
Idaho	PERS*	33	3
Maine	SRS*	39	1.5
Nevada	PERB*	39	1.5
New Hampshire	RS*	15	8
North Dakota	PERS	9	13.5
Rhode Island	ERS*	18	7
South Dakota	RS*	27.3	5
Vermont	SRS*	9	13.5
Wyoming	RS*	13	9

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 14 \_

Total Membership per Employee\*\* (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Total Membership/Employee</u>	<u>Rank</u>
Montana	PERS	1:1746	4
Montana	TRS	1:1983	3
Montana	Both systems	1:1824	NA [3]
Arizona	SRS	1:3262	1
Colorado	PERA*	NA	NA
Idaho	PERS*	1:1398	6
Nevada	PERB*	1:1225	9
New Mexico	PERB	1:1386	7
North Dakota	PERS	1:1285	8
South Dakota	RS*	1:1115	10
Utah	SRB*	1:1503	5
Wyoming	RS*	1:2495	2

\*Includes teachers

\*\*Total membership includes the active membership plus benefit recipients.

Total membership per employee is expressed in a ratio 1:X or, 1 employee per X number of members.





# SURVEY OF STATE RETIREMENT SYSTEMS

Table 15

Total Membership per Employee\*\* (FY 77)

States with population less than one million

<u>State</u>		<u>Total Membership/Employee</u>	<u>Rank</u>
Montana	PERS	1:1746	9
Montana	TRS	1:1983	5
Montana	Both systems	1:1824	NA [7]
Alaska	PERS	1:1761	8
Delaware	SEPS*	1:2834	1
Hawaii	ERS*	1:2028	4
Idaho	PERS*	1:1398	11
Maine	SRS*	1:1495	10
Nevada	PERB*	1:1225	13
New Hampshire	RS*	1:2224	3
North Dakota	PERS	1:1285	12
Rhode Island	ERS*	1:1849	7
South Dakota	RS*	1:1115	14
Vermont	SRS*	1:1870	6
Wyoming	RS*	1:2495	2

\*Includes teachers

\*\*Total membership includes the active membership plus benefit recipients.

Total membership per employee is expressed in a ratio 1:X or, 1 employee per X number of members.



per staff FTE. The ratio standardizes the "workload" (i.e., membership) so that retirement systems of unequal size may be more carefully compared. Among the Rocky Mountain and Northern Great Plain States, Arizona has the lowest ratio of employees per members at 1:3,262. South Dakota has the highest ratio with 1:1,115. Montana ranks fourth with one employee per 1,746 members. For states with populations of less than one million persons, Delaware ranks first with 1:2,834 and South Dakota ranks fourteenth. Montana is ninth with 1:1,746. Montana is just slightly below the average for the smaller states of one FTE per 1,794 members.

Operating expenses - (Tables 16 and 17)

The responding states also supplied their operational budgets for fiscal year 1977. When the states were ranked, Colorado had the largest budget (\$1.55 million) among the Rocky Mountain and Northern Great Plain States. Wyoming placed tenth with a budget of \$366 thousand, and Montana ranked eighth with \$403.0 thousand. Among the states with a population of less than one million, Hawaii ranks first with operating expenses of \$736.6 thousand, Montana is tenth and Rhode Island finishes thirteenth with \$335.9 thousand. The average operating budget for retirement systems in the Rocky Mountain and Northern Great Plain States is \$726.3 thousand and \$523.4 thousand for states with a population of less than one million inhabitants. Montana's operating budget of \$403.0 thousand is considerably below the average cost of system operation in adjacent or similarly sized states.



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 16

Operating Expenses (FY 77)

Rocky Mountain and Northern Great Plains States

<u>State</u>		<u>Operating Expenses (\$ thousands)</u>	<u>Rank</u>
Montana	PERS	\$ 403.0	8
Montana	TRS	215.7	11
Montana	Both systems	618.7	NA [6]
Arizona	SRS	1,241.0	2
Colorado	PERA*	1,546.4	1
Idaho	PERS*	736.3	4
Nevada	PERB*	732.4	5
New Mexico	PERB	543.5	6
North Dakota	PERS	380.5	9
South Dakota	RS*	490.5	7
Utah	SRB*	821.7	3
Wyoming	RS*	366.0	10

\*Includes teachers



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 17

Operating Expenses (FY 77)

States with population less than one million

<u>State</u>		<u>Operating Expenses (\$ thousands)</u>	<u>Rank</u>
Montana	PERS	\$403.0	10
Montana	TRS	215.7	14
Montana	Both systems	618.7	NA [5]
Alaska	PERS	532.3	6
Delaware	SEPS*	711.8	4
Hawaii	ERS*	736.6	1
Idaho	PERS*	736.3	2
Maine	SRS*	418.4	8
Nevada	PERB*	732.4	3
New Hampshire	RS*	410.7	9
North Dakota	PERS	380.5	11
Rhode Island	ERS*	335.9	13
South Dakota	RS*	490.5	7
Vermont	SRS*	549.6	5
Wyoming	RS*	366.0	12

\*Includes teachers





Operating expense per member - (Tables 18 and 19)

To measure the cost of operating a retirement system relative to the size of the system, the operating expense per system member was determined. This ratio was established by dividing operational expenses by total system membership and expressed as the dollar cost of operating the retirement system per member. Among the Rocky Mountain and Northern Great Plain States the low cost system is Arizona's with a FY 1977 cost of \$9.76 per member. The high cost system is North Dakota's at \$32.90 per member. Montana ranks fifth with a cost of \$11.40 per member. Among the states with a population of less than one million persons, Maine has the lowest per member cost at \$7.18. North Dakota remains the high cost state with Montana holding fifth place. The FY 1977 average operating cost per member is \$15.75 among the Rocky Mountain and Northern Great Plains States rising to an average per member cost of \$17.90 among the less populated states. Although the small states actually spend fewer dollars for operations than do the larger Rocky Mountain States their per member costs are higher. Montana spends less than the average in both categories of states.

The comparative survey of state retirement systems has identified a number of major differences among systems ranging from membership size and assets to organizational structure and the cost of system operation. Compared with retirement systems in other states, Montana P.E.R.S. is smaller than most. The measures of efficiency used in this analysis indicate that P.E.R.S. has a low ratio of staff to system membership and a low operational cost



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 18

Operating Expense per Member\*\* (FY 77)

## Rocky Mountain and Northern Great Plain States

<u>State</u>		<u>Operating Expense/Member</u>	<u>Rank***</u>
Montana	PERS	\$11.40	5
Montana	TRS	11.02	2
Montana	Both systems	11.26	NA [3]
Arizona	SRS	9.76	1
Colorado	PERA*	14.84	6
Idaho	PERS*	15.96	8
Nevada	PERB*	15.33	7
New Mexico	PERB	18.67	10
North Dakota	PERS	32.90	11
South Dakota	RS*	16.11	9
Utah	SRB*	11.27	3
Wyoming	RS*	11.28	4

\*Includes teachers

\*\*Operating expense divided by total system membership.

Expressed as the dollar cost of operating the retirement system per member.

\*\*\*Low cost system ranked number one.



# SURVEY OF STATE RETIREMENT SYSTEMS

Table 19

Operating Expense per Member\*\* (FY 77)

States with population less than one million

<u>State</u>		<u>Operating Expense/Member</u>	<u>Rank***</u>
Montana	PERS	\$11.40	5
Montana	TRS	11.02	3
Montana	Both systems	11.26	NA [3]
Alaska	PERS	30.23	12
Delaware	SEPS*	25.12	11
Hawaii	ERS*	12.11	6
Idaho	PERS*	15.96	9
Maine	SRS*	7.18	1
Nevada	PERB*	15.33	8
New Hampshire	RS*	12.31	7
North Dakota	PERS	32.90	14
Rhode Island	ERS*	10.09	2
South Dakota	RS*	16.11	10
Vermont	SRS*	32.66	13
Wyoming	RS*	11.28	4

\*Includes teachers

\*\*Operating expense divided by total system membership.

Expressed as the dollar cost of operating the retirement system per member.

\*\*\*Low cost system ranked number one.



per member relative to other surveyed states. The Montana Teachers Retirement System exhibits similar characteristics. It appears that resources being allocated to the operation of the state retirement systems are neither excessive nor deficient and that both state systems operate efficiently.





## CLIENT SATISFACTION SURVEY

A survey of retired members of PERS was conducted to ascertain the clients perception of how well PERS functioned. Client satisfaction surveys are often used to provide direct feedback to the program from the service recipient regarding the adequacy and quality of the services received. Surveys also provide a means to increase citizen participation in government planning and policy formulation by systematically collecting data from a scientifically selected sample of clients from which it is then possible to generalize about their problems, concerns, and experiences.

For the past three years, PERS has been undergoing a shift from manual operation to an automated system to process collections, refunds, and benefit payments. During the same time, there has been an increased number of complaints about the lack of responsiveness of the system. The records of The Citizens Advocate Office provide an indication of the numbers of complaints received regarding PERS.

### PERS Complaints Received by Citizens

Advocate Office, 1973 through August, 1977

<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977*</u>
7	25	72	23	27

Total Complaints - 153

\*The method of logging citizen inquiries was changed in August 1977 and data collected thereafter is not consistent with prior years.

The major objective of the survey was to measure the degree of client satisfaction with the services provided by PERS. Given the



concurrent increase in client complaints and internal shift in operations, it was necessary to determine whether services to the PERS retiree had deteriorated. Survey respondents were asked whether they had ever filed a complaint with the PERS division and whether that complaint was resolved to their satisfaction. Information also was requested regarding the waiting period for receipt of the first benefit check and the prompt and regular arrival of the checks thereafter. A second objective of the survey was to determine the extent to which various sources of pre-retirement information were used and the extent to which these sources provided useful or satisfactory information to the retiree. Identification of those sources of information, other than the PERS division, which are used frequently can be helpful in insuring that retirees receive accurate and prompt information about PERS. The final objective of the survey was to establish a baseline from which an improvement or deterioration in service could be measured. The major changes in the operational processes of the system have been completed and henceforth, service quality can be measured with the onset of a new system. It will now be possible to make periodic comparisons of the quality of PERS service over time, identify trends, and establish whether the system is improving, holding steady, or losing effectiveness.

In FY 1977 PERS included 4,572 benefit recipients of whom 949 had retired or started to receive benefits (i.e., disability or survivor benefits) during the past two years (FY '76 and FY '77).



With the switchover from manual to computer operation and the complaint factor acting as a guide, the survey sample was selected from the population of individuals who started receiving benefits during the period July 1, 1975 to June 30, 1977. A random sample of 50% of the eligible population was selected to participate in the survey yielding a sample size of 488 persons.

The survey instrument was a self-administered, mailed questionnaire. The questionnaire was accompanied by a cover letter from Governor Judge explaining the intent of the survey and requesting the PERS members participation. One follow-up, reminder letter was mailed to survey participants approximately three weeks after the initial survey mailing on January 3, 1978. The questionnaire included 27 questions of which 24 were structured with a forced choice response. The remaining three items were open-ended. The appendix contains a copy of the questionnaire and cover letter. Questionnaire responses were computer tabulated and are presented as percentages. Of 488 questionnaires mailed out, 434 usable questionnaires were returned yielding a phenomenally high response rate of 88.9%. A high rate of response is particularly important in survey research since it reduces the potential for biased results. The estimated sampling error for the client survey is estimated at  $\pm 4.7\%$ . Thus, if the response to a given questionnaire item shows that 60.1% agree with the item, then the odds are 95:5 that the true response value is between 55.4% and 64.8%. A sampling error of  $\pm 4.7\%$  is not unreasonable for this type of survey.



An indication of how well the survey sample represents the entire PERS population is obtained by comparing demographic characteristics of the sample to available census data for the state and available data on PERS members. A comparison of the geographic distribution of the sample to the distribution of population in the state shows that seven counties comprise 59.22% of the sample and 50.52% of the population of the state. Deer Lodge, Lewis and Clark, and Silver Bow counties are slightly over represented in the sample which would tend to reflect the higher proportion of government employment in these counties.

Question 24. In what county did you live at the time  
of your retirement?

County	% of State Population*	% of Survey Population	Gov't Emp. as % of Population**
Cascade	11.78	7.83	3.84
Deer Lodge	2.25	5.07	8.29
Gallatin	4.68	5.53	12.74
Lewis & Clark	4.79	14.98	10.39
Missoula	8.39	5.76	7.71
Silver Bow	6.05	9.22	4.88
Yellowstone	12.58	10.83	4.47
Total	50.52	59.22	n.a.

\*Source: U.S. Department of Commerce, Bureau of the Census, 1970 Census of Population, Montana, Advance report.

\*\*Source: Montana Employment Security Commission, unpublished data 1969.

Seven counties were not represented in the sample: Carter, Daniels, Granite, Mineral, Prairie, Treasure and Wibaux. These counties contain 2.15% of the state's population and are primarily rural in nature with little government employment.





Another measure of sample reliability is obtained by comparing the percentage of male and female respondents to the percentage of males and females in the PERS active membership. The survey showed 52.3% male and 33.6% female with 14.1% not responding. For the PERS members between the ages of 60 and 70 (ages where people are most likely to retire) there are 55.8% male and 44.2% female.

#### PERS ACTIVE MEMBERS

Age	No. in Age Group	
	<u>Male</u>	<u>Female</u>
60	249	203
61	210	172
62	173	141
63	140	115
64	105	85
65	70	46
66	43	29
67	26	17
68	21	14
69	14	10
70	15	12
	<hr/>	
Total	1,066	844
%	55.8%	44.2%

Source: PERS Division, unpublished data, February 15, 1978

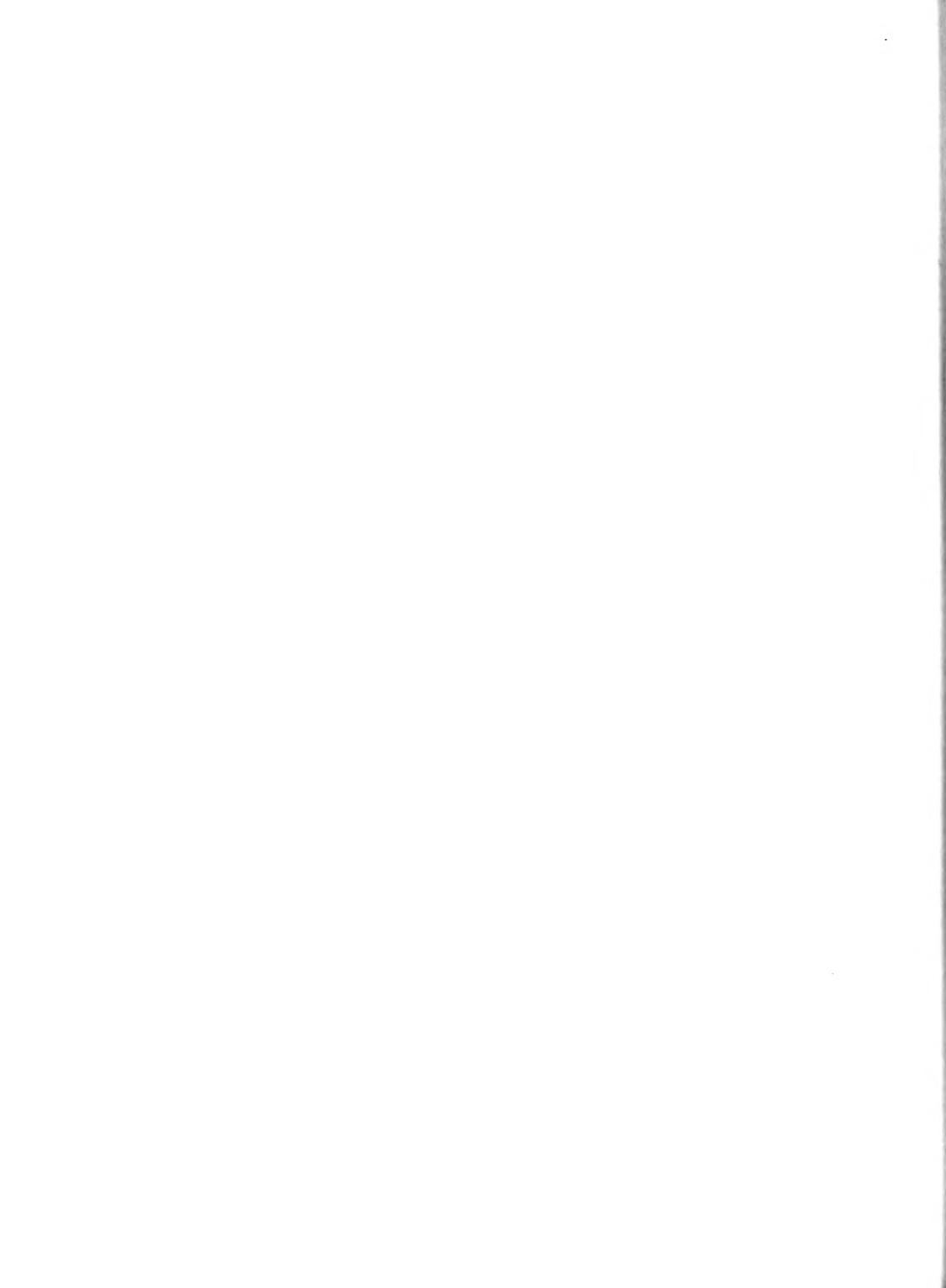
Overall, the sample of retired persons responding to the survey and receiving monthly benefit checks from PERS reported that the quality of the service provided by PERS is excellent. A clear majority, 88.0% of the respondents rated the quality of service received as good or excellent; 5.5% rated it as average to poor.



Question 22: Overall, how would you rate the quality  
of service which you received from the  
PERS Division?

Categories	% of n	n
Excellent	60.4	262
Good	27.6	120
Average	2.8	12
Fair	.9	4
Poor	1.8	8
Total	93.5	406
No Response	6.5	28

When asked about specific aspects of services received, the responses of the respondents were consistent with their overall rating. Most respondents (73.0%) indicated that their requests for information were met and 69.1% said that requests for information were met promptly. Asked about the expected waiting period before receiving the first monthly benefit check, 60.1% responded that the waiting period which they experienced was "about equal to what was expected", while 20.5% indicated that it was "longer than expected". In response to a question concerning how long one should reasonably expect to wait after retiring before receiving the first monthly benefit check, 56.0% indicated that 3 to 4 weeks was acceptable. However, when compared with the actual amount of time it took to receive the first check, the respondents tended to wait longer than they anticipated with up to 12.0% waiting more than 10 weeks to receive their first check.



Questions 12 and 14:

Categories	% of n	
	Actual waiting period	Expected waiting period
Less than 2 weeks	3.0	3.7
3 to 4 weeks	19.6	56.0
5 to 6 weeks	19.8	24.2
7 to 8 weeks	16.1	9.0
9 to 10 weeks	8.1	.9
More than 10 weeks	12.0	.7
Total n	(354)	(434)

The results of this comparison suggests that PERS evaluate the process by which it initiates benefit payments and seek to reduce the length of the waiting period between time of retirement and receipt of the first benefit check.

The majority of the respondents, 96.5% have never filed a complaint with the PERS division regarding their retirement benefits. Only 2.1% have filed a complaint with the Division. The small number responding yes to this question (i.e., No. 16) precludes any conclusion being drawn from the responses to questions 17 through 22 dealing with how the PERS division resolved the client's complaint.

The majority of the respondents (85.0%) had requested information from some source about the PERS retirement plan prior to retirement. The two sources used most frequently by the respondents were the PERS division in Helena, 79.0% and the personnel office of the agency the respondent worked for, 42.6%. The PERS division met the request for information satisfactorily and promptly in the majority of cases.



Question 3. Did the PERS Division satisfy your request  
for information?

---

Yes	73.0%
No	2.5%
Don't remember	.5%

---

Total n (330)

Question 4. Was your request for information satisfied promptly?

---

Yes	69.1%
No	3.9%
Don't remember	2.5%

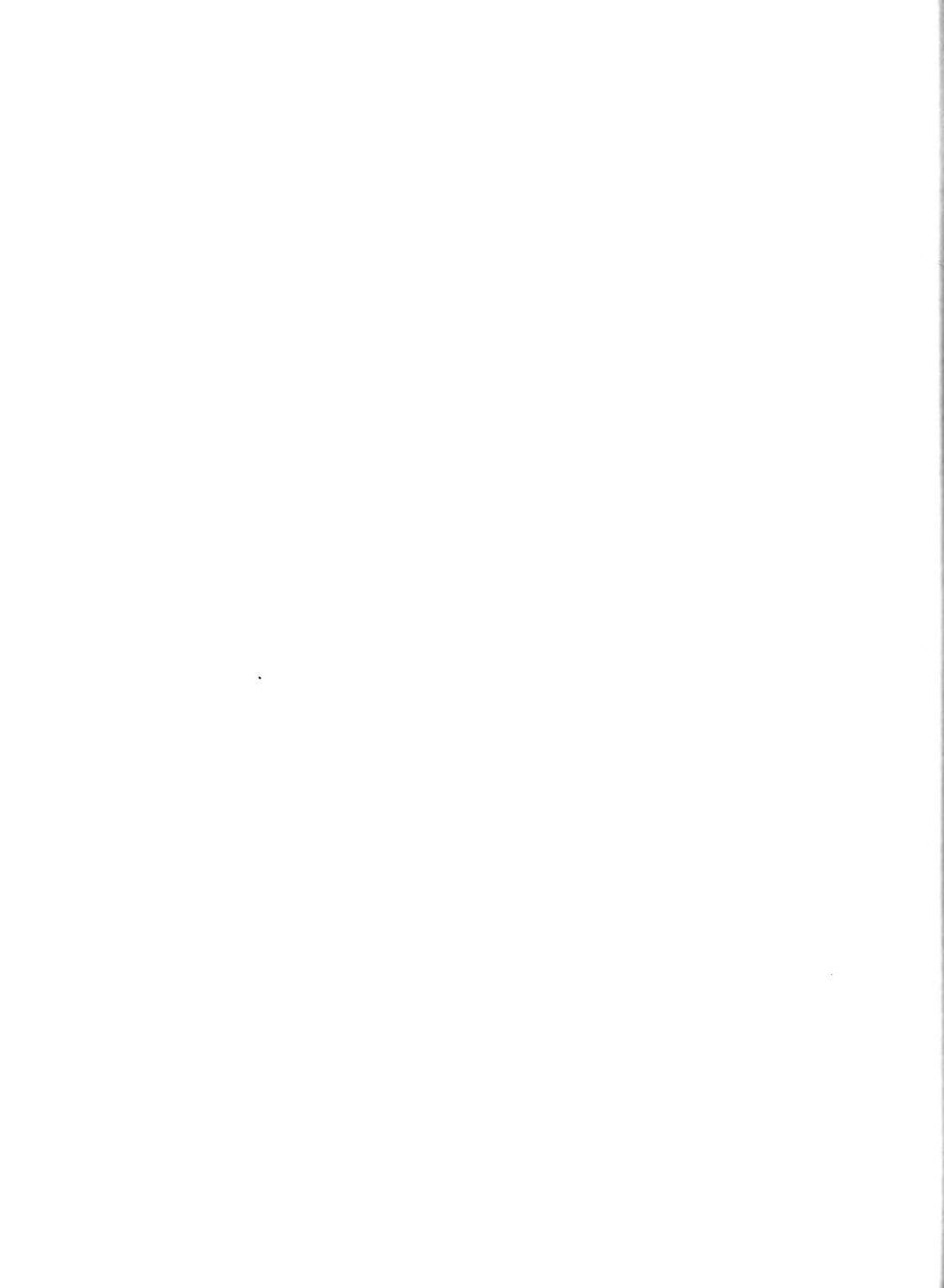
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Total n (328)

The informational brochures regarding the PERS retirement plan were read by 73.0% of the respondents and the majority (65.7%) found these brochures helpful in planning their retirement. These brochures were obtained from a variety of sources:

PERS Division	48.8% (212)
Personnel Office	23.5% (102)
Work Supervisor	5.8% ( 25)
Co-worker	4.1% ( 18)
Other	1.6% ( 7)

Almost 83% of the respondents felt the information they received fully explained each of the different retirement options available through the PERS retirement plan. Some of the respondents (11.3%) did not fully understand the options available and 2.8% were not aware that there were different options available.





Question 9. Prior to your retirement, did you fully understand each of the different retirement options available through the PERS retirement plan?

---

Yes	82.9%
No	11.3%
Don't remember	.9%
Didn't know there were different options available	2.8%

---

Total n	(425)
---------	-------

The single most important objective of the PERS division is to provide retired members of the system with a satisfactory level service. As individuals who have contributed to the system's funding and are now receiving retirement benefits, their observations regarding PERS are especially important. It is necessary that they fully understand all aspects of the retirement benefits available to them and they are entitled to pre-retirement information which will allow them to conveniently and comprehensively plan their retirement from public service.

This survey has indicated the majority of benefit recipients rate the services provided by PERS as good or excellent. Few of the respondents voiced complaints about the system although there appears to be a discrepancy between how long a recipient should wait for the first monthly benefit check and the actual waiting period. Most of the respondents would prefer a waiting period of 3 to 4 weeks but many experience a longer delay.



The survey respondents used a variety of sources of pre-retirement information although the PERS division was the leading informational source. Respondents were generally satisfied with the quality of information received. Responses to all questionnaire items are located in the appendix for those wishing to make a more comprehensive analysis of the survey findings.

Finally, this survey has established a baseline against which future client evaluations of PERS can be made. The survey can be replicated and it will be possible to judge whether client services deteriorate, hold steady or improve.



## INFORMATIONAL BROCHURES

The states responding to the comparative survey were asked to enclose any informational brochures used to describe their retirement systems. Eleven states responded to this request. Of the states that responded, seven have one brochure which is distributed to all members of the retirement system. Maine, Vermont and Utah have separate brochures for each sector of membership. For example, Vermont has one brochure for general membership, one for teachers and one for municipal employees. Nevada sends separate material to the benefit recipients and regular membership.

The majority of the states attempt to provide current information to their members. Six states showed a current effective date (i.e., July 1977) on the material they submitted. The brochures of three other states were less up-to-date with effective dates of 1976, 1975 and 1973. Two states did not indicate the effective dates of their information.

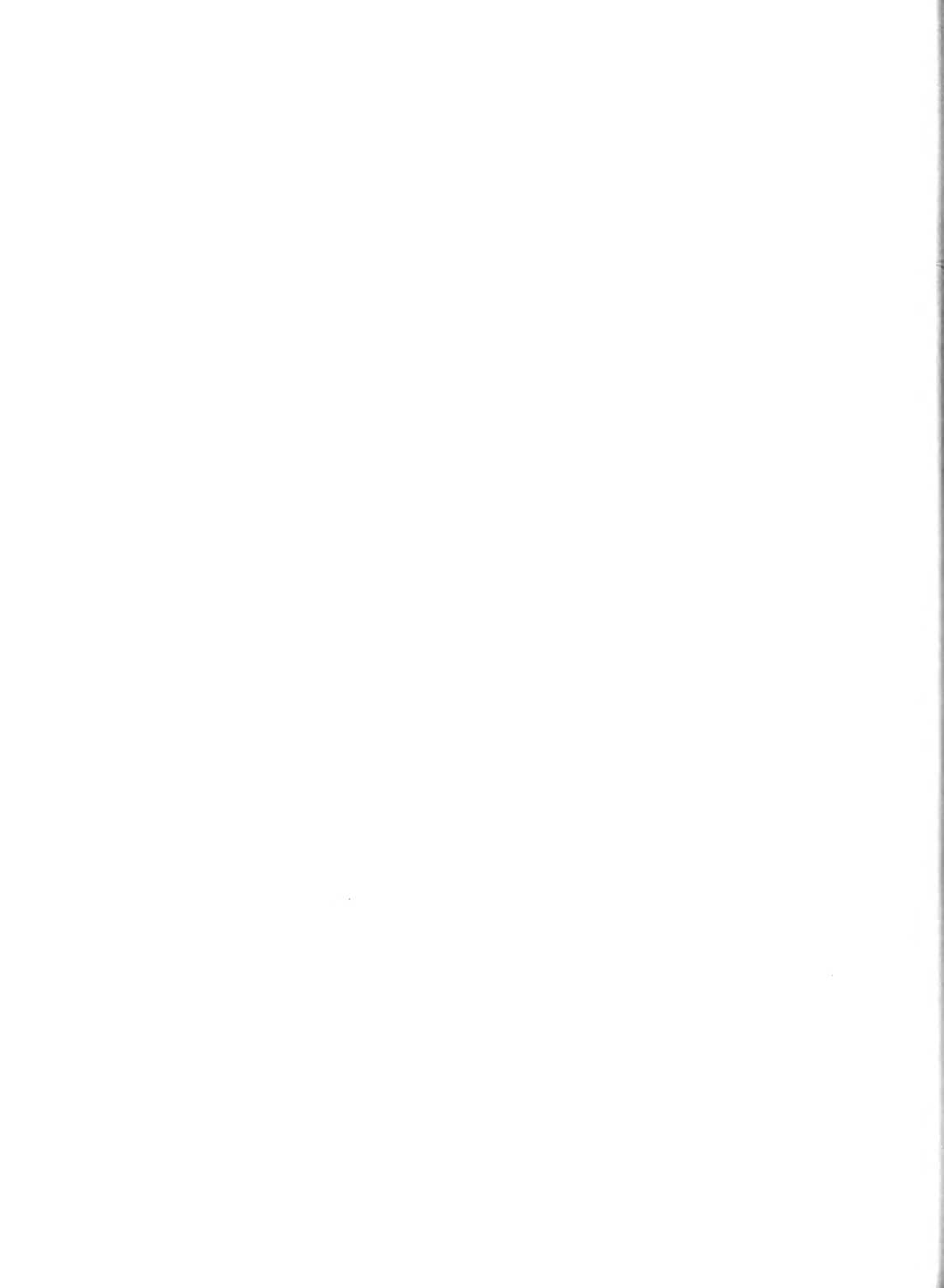
All of the states provide a full range of information regarding their system and use a similar presentation format. The topics covered include a summary of benefits that are offered, how benefits are computed, the optional retirement plans available, a description of retirement records and forms, eligibility regulations and a general description of the system. On the whole, the brochures give a comprehensive, yet concise description of what is available to the members upon retirement.

New Mexico provides a unique brochure to the members of their retirement association. It comes as "Your Retirement Benefit Package".



The package consists of eight small pamphlets each dealing with one aspect of the system. Some of the information is presented as the answers to possible questions the members might have, such as "What is meant by 'final average salary'?" The New Mexico pamphlets provide comprehensive information about the retirement system in a very readable and understandable style.

Montana's retirement system does not provide a comprehensive informational brochure to its members. The available information is contained in a series of short memorandums. The memo containing general information about the retirement system and benefit eligibility are less current than similar information from most other states. The memos prepared for distribution to a specific sector of the membership (i.e., volunteer firemen, sheriffs, and judges) are more up-to-date having been prepared in 1976 and 1977. Montana's material differs from the information presented by other states in that members are not provided an opportunity to compute their own benefits. A table of "estimated monthly retirement allowance" is presented but the format is confusing. Furthermore, the material does not contain an explanation of the steps in the benefit or refund process. These two areas of interaction between PERS and member clients appear to be the major sources of complaint. A concise description of the two processes would do much to alleviate erroneous expectations resulting in client irritation.

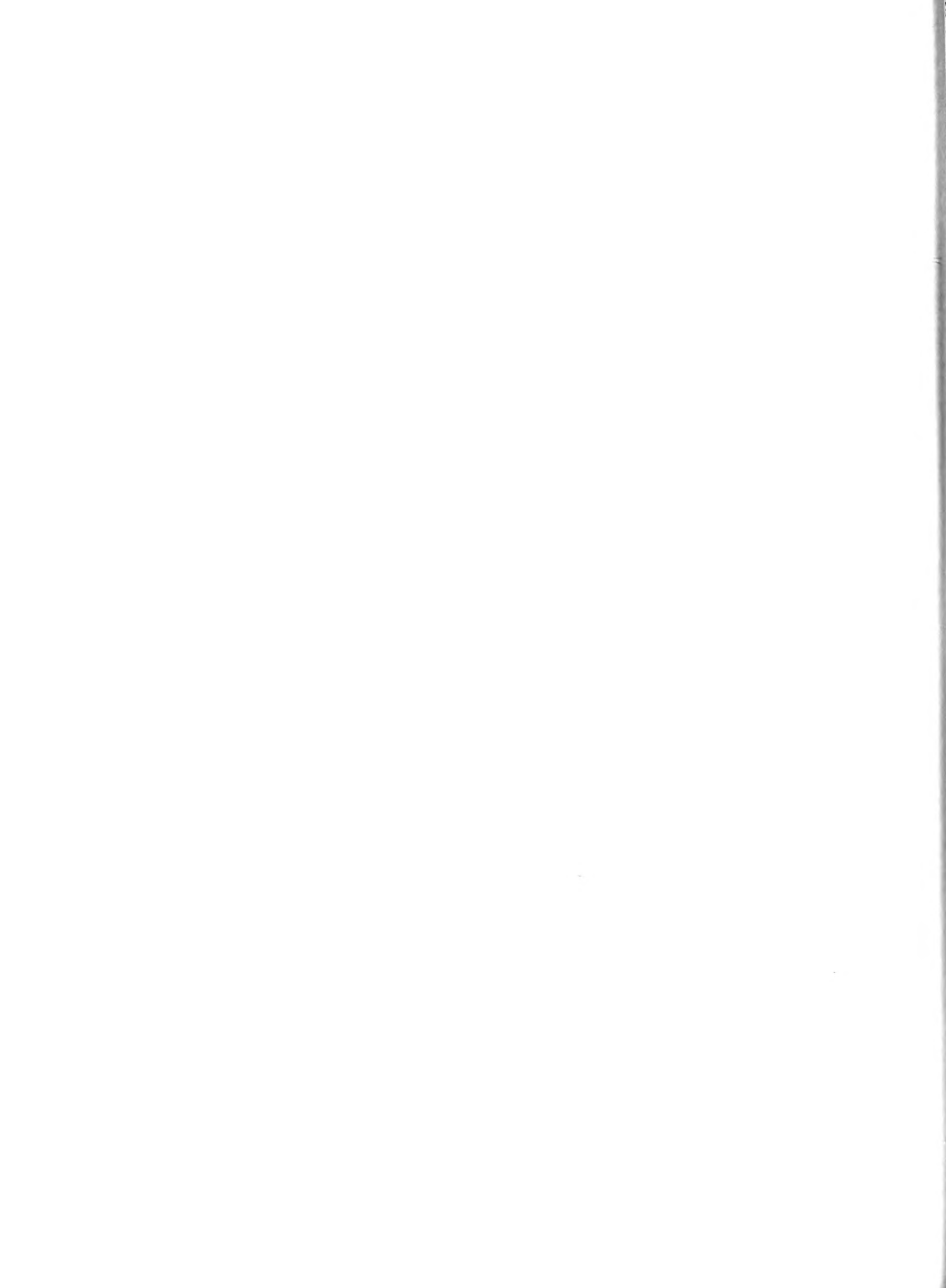




## REFUNDS

The process of providing PERS refunds to individuals terminating their membership in the system is often delayed by inefficiencies in operating procedures. Almost half of the complaints received by the Office of the Citizens' Advocate concerned refund requests. The problem seems to be centered around a lack of understanding by the client of the amount of time involved in obtaining refunds as well as the internal procedures taken by the PERS division to insure that all employer agencies have submitted the requisite payroll information in a timely manner.

The date when a refund check can be issued is directly related to the employee's termination date. Unfortunately, many clients do not understand the steps through which refunds are processed and expect to receive their refund check much sooner than they actually do. Because of the structure of state and local government's payroll reporting system, there can be a significant, normal delay in processing refunds. For example, if an individual terminates employment during the first few days of the month and the employing agency runs its payroll monthly (at month's end), the refund check will not be issued until after the payroll information has been received and processed by PERS. In such a case, the usual delay in receiving a check would be five to six weeks. Added to the normal time lag encountered in receiving and processing payroll information, is the confounding problem of employer agencies failing to submit the payroll information on a timely basis. Here, it appears that PERS



can tighten its operating procedures so that errant agencies are notified of their tardiness and stimulated to provide more rapid service.



## RECOMMENDATIONS

The following recommendations are made as a result of the program review of PERS and findings generated from the two surveys, and address three areas identified as causing the majority of client dissatisfaction with the system.

Recommendation 1: To develop, publish and distribute  
statewide to all PERS members or  
potential retirees a retirement  
system brochure.

A brochure that contains general information and a complete, concise description of the procedures of the retirement system would be an invaluable tool in educating members of the system. Most client complaints stem from a lack of understanding how the system functions. The information currently available to the PERS membership consists of a series of memos. Consolidating this material into a single brochure for each retirement plan administered by the division would make the information more readily accessible and easier to understand. Periodic updating on a biennial basis or as major changes occur would insure current information.

The most important areas that need to be covered are the procedures and timing of events occurring prior to and at retirement or when terminating government employment. This would include procedures to obtain monthly retirement benefits and procedures to obtain refunds in a lump sum. Most complaints by clients were in regard to refund requests when leaving



employment. The clients need an opportunity to educate themselves so that their expectations of the length of time involved in obtaining refunds is more realistic. Graphic examples showing possible termination dates and the related payment date would make this relationship clearer to the client. A checkoff list of the applications and forms which are necessary for expeditious processing of claims, a description of their sequence and timing of their use, and identification of who is responsible for completing and submitting the documents would make the client aware of his personal responsibility as well as what the employing agency must accomplish. This information would also help direct complaints and inquiries to the source of the problem.

Recommendation 2: Develop and implement interagency procedures to insure the prompt submittal of documents necessary for refunds or to initiate benefits from employer agencies.

This recommendation addresses a major bottleneck in the efficient performance of the PERS division. The division needs to receive final payroll information (salaries paid and contributions withheld) on the retiring or terminating employee prior to initiating the benefit or refund process. If the agency delays its submission of information, there is a corresponding delay in processing the client's benefits by the PERS division. Employer agencies include city and county governments as well as state agencies. Concisely written interagency procedures specifying





the information required and procedures to be followed will help alleviate the delays encountered in the benefit/refund process. At this time PERS does not have a written procedures manual detailing the steps of its operations and such a document could be very worthwhile.

Recommendation 3: The division should make a special effort to promptly respond to correspondence and inquiries.

The primary goal of the PERS division is to provide retirement benefits in the most efficient manner possible. The division appears to be doing a relatively good job in this regard. Nevertheless, the value of a service is measured in its ability to respond to a current need. By providing a prompt response to member inquiries PERS service will be especially valuable not only in terms of the information provided but also by the good will it generates. A procedure should be implemented to channel all inquiries and information requests to one person. This person should then be responsible for insuring that prompt replies are given. A day-to-day listing of the nature and frequency of inquiries would provide valuable information to be used in updating or modifying the informational brochures that are distributed.



## APPENDIX

### Contents:

Appendix - A	-----	Comparative State Survey; Cover and Follow-up Letters
Appendix - B	-----	Client Satisfaction Survey with tabulation responses; Cover and Follow-up Letters
Appendix - C	-----	Reviewers Comments



Office of the Governor  
**Budget and Program Planning**

Thomas L. Judge  
Governor

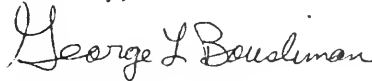
George L. Bousliman  
Director

Capitol Building - Helena, Montana 59601

As part of a continuing process of program review the Office of Budget and Program Planning is scheduling a program analysis of the Montana Public Employees Retirement System. A portion of our analysis is designed to compare the size, cost, and organizational structure of Montana's Public Employees Retirement System with similar organizations in other states. We would appreciate your assistance with this endeavor by completing the enclosed questionnaire and returning it to us by January 1, 1978.

Thank you for your time, help, and consideration.

Sincerely,



GEORGE L. BOUSLIMAN  
Director

GLB:cm  
Enc.



STATE QUESTIONNAIRE  
PUBLIC EMPLOYEE RETIREMENT SYSTEMS

1. Name of Retirement System: \_\_\_\_\_
2. Please indicate the approximate active membership of the retirement system at the close of fiscal year 1977.

<u>Active Members</u>	<u>Number</u>
a. State	_____
b. Local	_____
c. Teachers	_____
d. Police and/or Fire	_____
e. Other _____	_____
_____ (specify)	_____
Total:	=====

3. Please indicate the approximate number of retired members served by your system and the amount of benefits paid during fiscal year 1977.

<u>Retired Members</u>	<u>Number</u>	<u>Annual Benefit</u>
a. Members	_____	_____
b. Disability	_____	_____
c. Beneficiaries	_____	_____
d. Other _____	_____	_____
_____ (specify)	_____	_____
Total:	=====	=====

4. Please indicate the amount of administrative expenditures (exclude member benefits) during fiscal year 1977.

FY 1977 Operational Expenditures

_____	Personal Services
_____	Operations
_____	Equipment
=====	Total

5. Please provide and breakout the retirement system's operational budget (exclude member benefits) for fiscal year 1978.

FY 1978 Operational Budget

_____	Personal Services
_____	Operations
_____	Equipment
=====	Total





6. Please identify the source of funding and amounts received to support the retirement system's operational budget in fiscal year 1978.

<u>Amount</u>	<u>Funding Source</u>
_____	_____
_____	_____
_____	_____
_____	_____

7. How many full time equivalent (FTE) staff positions were authorized for the retirement system during fiscal years 1977 and 1978?

<u>FTE Authorization</u>	<u>Fiscal Year</u>
_____	1977
_____	1978

8. Please indicate the total amount of assets of your retirement system at close of fiscal year 1977.

\_\_\_\_\_

9. Please indicate the annual salary paid to the top four administrative/supervisory positions in your organization during fiscal year 1977.

<u>Position Title</u>	<u>FY 1977 Annual Salary</u>
_____	_____
_____	_____
_____	_____
_____	_____

10. Please send a current copy of your agency's organization chart. If not indicated on the chart, please specify the relationship between your organization and the Governor.



11. Please send a copy of the legislation establishing your organization and the retirement fund(s) which it administers.
12. Please send copies of any informational brochures distributed by your agency which describe the benefits and/or membership provisions of the various retirement funds.



Office of the Governor  
**Budget and Program Planning**

Capitol Building - Helena, Montana 59601

Thomas L. Judge  
Governor

George L. Bousliman  
Director

On November 28, 1977, a letter and questionnaire was sent to you requesting your assistance in a comparative study of state retirement systems. We have still not received your response and would appreciate it if you would complete the questionnaire and return it to us. Another copy of the questionnaire and self-addressed stamped return envelop is enclosed for your convenience.

Sincerely,

A handwritten signature in dark ink, reading "George L. Bousliman". The signature is written in a cursive style with a large, stylized "G" and "B".

George L. Bousliman  
Director





State of Montana  
Office of The Governor  
Helena 59601

THOMAS L. JUDGE  
GOVERNOR

January 2, 1978

Dear Fellow Montanan:

Each biennium the Office of Budget and Program Planning conducts program reviews of selected state agencies. The reviews are designed to improve the management of the agency and to upgrade services to the public. The Public Employees Retirement System (PERS) has been selected for study this biennium.

The study includes an opinion survey to gather information about how the PERS system is functioning. As members of the PERS system who have contributed to its funding and who are now receiving retirement benefits, your observations regarding PERS are especially important.

I hope that you will assist with the review of PERS by completing the enclosed questionnaire prior to February 15, 1978 and returning it to the Planning/Research Division of the Office of Budget and Program Planning, State Capitol Station, Helena, Montana, 59601. The questionnaire is quite short - only 27 questions - and will take about ten minutes of your time. A self-addressed, stamped return envelope is enclosed for your convenience. Information gathered by this survey is to be used for research purposes and all responses are strictly confidential.

Thank you for the time, help, and consideration. Your interest in strengthening PERS and state government is greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas L. Judge", written over a large, stylized circular flourish.

THOMAS L. JUDGE  
Governor

Enc.





Instructions: Please answer the questions on the questionnaire by placing a check mark or writing a word or two in the space provided. If you wish to make additional comments, please do so at the end of the questionnaire. All responses will be kept confidential.

Return the questionnaire in the enclosed return envelope to:

Planning and Research Division  
Office of Budget and Program Planning  
State Capitol Station  
Helena, Montana 59601

1. Prior to your retirement, did you request information regarding the PERS retirement plan? (check one)

<u>85.0%</u>	Yes	
<u>12.4%</u>	No	n=424
<u>.2%</u>	Don't remember	2.3% no response

2. Prior to your retirement, did you seek information about the retirement plan from the PERS Division in Helena? (check one)

<u>79.0%</u>	Yes	
<u>17.7%</u>	No	n=424
<u>.9%</u>	Don't remember	2.3% no response

If the answer to question No. 2 above was either "No" or "Don't remember", skip the next two questions and go to No. 5.

3. Did the PERS Division satisfy your request for information? (check one)

<u>73.0%</u>	Yes	
<u>2.5%</u>	No	n=330
<u>.5%</u>	Don't remember	24.0% no response

4. Was your request for information satisfied promptly? (check one)

<u>69.1%</u>	Yes	
<u>3.9%</u>	No	n=328
<u>2.5%</u>	Don't remember	24.4% no response

5. Prior to your retirement, did you seek information about the PERS retirement plan from any of the following sources? (check all that apply)

77.9% no response n=1,736	<u>10.7%</u>	Personnel Office of the agency where I worked
	<u>3.9%</u>	Work Supervisor
	<u>4.4%</u>	Co-worker
	<u>3.1%</u>	Other (please specify) _____

6. Did you read any informational brochures about the PERS retirement plan? (check one)

<u>73.0%</u>	Yes	
<u>18.9%</u>	No	2.1% no response
<u>6.0%</u>	Don't remember	n=425

If the answer to question No. 6 above was either "No" or "Don't remember", skip the next two questions and go to No. 9.

7. Were the brochures helpful to you in planning for your retirement? (check one)

<u>65.7%</u>	Yes	
<u>1.4%</u>	No	30.9% no response
<u>2.1%</u>	Don't remember	n=300

8. Did you receive the brochures from the PERS Division or from some other source? (check all that apply)

83.2% no response n=2,170	<u>9.8%</u>	PERS Division
	<u>4.7%</u>	Personnel Office of the agency where I worked
	<u>1.2%</u>	Work Supervisor
	<u>.8%</u>	Co-worker
	<u>.3%</u>	Other (please specify) _____



9. Prior to your retirement, did you fully understand each of the different retirement options available through the PERS retirement plan? (check one)
- |                  |              |  |
|------------------|--------------|--|
|                  | <u>82.9%</u> | Yes  |
|                  | <u>11.3%</u> | No   |
| 2.1% no response | <u>.9%</u>   | Don't remember   |
| n=425            | <u>2.8%</u>  | Didn't know there were different options available through the retirement plan |
10. Prior to your retirement, did you fully understand how large the monthly benefit check would be when you retired? (check one)
- |  |              |                        |
|--|--------------|------------------------|
|  | <u>68.2%</u> | Yes                    |
|  | <u>27.4%</u> | No                     |
|  | <u>2.5%</u>  | Don't remember         |
|  |              | 1.8% no response n=426 |
11. Prior to your retirement, were you aware of how long it would take after retirement before you would receive the first monthly benefit check? (check one)
- |  |              |                        |
|--|--------------|------------------------|
|  | <u>67.3%</u> | Yes                    |
|  | <u>24.4%</u> | No                     |
|  | <u>5.3%</u>  | Don't remember         |
|  |              | 3.0% no response n=421 |
12. After you retired how long did it take before you received the first monthly benefit check from PERS? (check one)
- |  |              |                        |
|--|--------------|------------------------|
|  | <u>3.0%</u>  | Less than 2 weeks      |
|  | <u>19.6%</u> | 3 to 4 weeks           |
|  | <u>19.8%</u> | 5 to 6 weeks           |
|  | <u>16.1%</u> | 7 to 8 weeks           |
|  | <u>8.1%</u>  | 9 to 10 weeks          |
|  | <u>12.0%</u> | more than 10 weeks     |
|  | <u>18.4%</u> | Don't remember         |
|  |              | 3.0% no response n=421 |
13. Was the waiting period before receiving your first monthly benefit check longer or shorter than expected? (check one)
- |  |              |                                  |
|--|--------------|----------------------------------|
|  | <u>20.5%</u> | Longer than expected             |
|  | <u>8.5%</u>  | Shorter than expected            |
|  | <u>60.1%</u> | About equal to what was expected |
|  | <u>8.8%</u>  | Don't remember                   |
|  |              | 2.1% no response n=425           |
14. In your opinion, how long should one reasonably expect to wait after retiring before receiving the first monthly benefit check? (check one)
- |  |              |                        |
|--|--------------|------------------------|
|  | <u>3.7%</u>  | Less than 2 weeks      |
|  | <u>56.0%</u> | 3 to 4 weeks           |
|  | <u>24.2%</u> | 5 to 6 weeks           |
|  | <u>9.0%</u>  | 7 to 8 weeks           |
|  | <u>.9%</u>   | 9 to 10 weeks          |
|  | <u>.7%</u>   | more than 10 weeks     |
|  |              | 5.5% no response n=410 |
15. Do you receive your monthly benefit check promptly each month? (check one)
- |                 |              |                                     |
|-----------------|--------------|-------------------------------------|
|                 | <u>97.9%</u> | The check is almost always on time. |
| .7% no response | <u>1.4%</u>  | The check is late once in a while.  |
| n=431           | <u>0</u>     | The check is late quite frequently. |
|                 | <u>0</u>     | The check is almost always late.    |
16. Since retirement, have you ever filed a complaint with the PERS Division regarding your retirement benefits? (check one)
- |  |              |                        |
|--|--------------|------------------------|
|  | <u>2.1%</u>  | Yes                    |
|  | <u>96.5%</u> | No                     |
|  | <u>0</u>     | Don't remember         |
|  |              | 1.4% no response n=428 |



If the answer to question No. 16 above was either "No" or "Don't remember", skip the next five questions and go to No. 22.

17. Was the complaint resolved? (check one)
- |            |                |                   |
|------------|----------------|-------------------|
| <u>.7%</u> | Yes            | 98.8% no response |
| <u>.5%</u> | No             | n=5               |
| <u>0</u>   | Don't remember |                   |
18. How long did it take to resolve your complaint? (check one)
- |            |                    |                   |
|------------|--------------------|-------------------|
| <u>.2%</u> | Less than 2 weeks  | 98.8% no response |
| <u>.2%</u> | 3 to 4 weeks       | n=5               |
| <u>0</u>   | 5 to 6 weeks       |                   |
| <u>.2%</u> | 7 to 8 weeks       |                   |
| <u>0</u>   | 9 to 10 weeks      |                   |
| <u>.5%</u> | More than 10 weeks |                   |
| <u>0</u>   | Don't remember     |                   |
19. Was the complaint resolved to your satisfaction? (check one)
- |            |                |                   |
|------------|----------------|-------------------|
| <u>.7%</u> | Yes            | 98.8% no response |
| <u>.5%</u> | No             | n=5               |
| <u>0</u>   | Don't remember |                   |
20. How helpful was the staff of the PERS Division in resolving your complaint? (check one)
- |            |               |                   |
|------------|---------------|-------------------|
| <u>0</u>   | Above average | 98.8% no response |
| <u>.7%</u> | Average       | n=5               |
| <u>.5%</u> | Below average |                   |
21. What was the nature of your complaint? (Write a sentence or two.)
- n=5  
98.8% no response
22. Overall, how would you rate the quality of service which you received from the PERS Division? (check one)
- |              |           |                  |
|--------------|-----------|------------------|
| <u>60.4%</u> | Excellent | 6.5% no response |
| <u>27.6%</u> | Good      | n=406            |
| <u>2.8%</u>  | Average   |                  |
| <u>.9%</u>   | Fair      |                  |
| <u>1.8%</u>  | Poor      |                  |
23. Prior to your retirement, for what type of governmental unit did you work? (check one)
- |              |                              |                  |
|--------------|------------------------------|------------------|
| <u>47.7%</u> | State                        | 2.5% no response |
| <u>11.8%</u> | City                         | n=423            |
| <u>21.9%</u> | County                       |                  |
| <u>14.7%</u> | School District              |                  |
| <u>1.4%</u>  | Other (please specify) _____ |                  |
24. In what county did you live at the time of your retirement? (Fill in the blank.)
- \_\_\_\_\_
25. At what age did you retire? (check one)
- |              |                        |                 |
|--------------|------------------------|-----------------|
| <u>3.2%</u>  | Less than 50 years old | .9% no response |
| <u>7.8%</u>  | 50 to 55 years old     | n=430           |
| <u>20.7%</u> | 56 to 60 years old     |                 |
| <u>54.1%</u> | 61 to 65 years old     |                 |
| <u>11.3%</u> | 66 to 70 years old     |                 |
| <u>1.8%</u>  | More than 71 years old |                 |
26. Sex:
- |              |        |                   |
|--------------|--------|-------------------|
| <u>52.3%</u> | Male   | 14.1% no response |
| <u>33.6%</u> | Female | n=373             |



27. If you wish to make any additional comments regarding the Public Employees Retirement System or the PERS Division, please do so in the space provided below.





## STATE OF MONTANA

## Office of the Governor

**Budget and Program Planning**

Capitol Building - Helena, Montana 59601

Thomas L. Judge  
GovernorGeorge L. Bousliman  
Director

January 25, 1978

Dear Fellow Montanan:

Earlier this month, Governor Judge sent to you a letter and questionnaire requesting your opinion of Montana's Public Employee's Retirement System (PERS). Each biennium, the Office of Budget and Program Planning conducts program reviews of state agencies. The reviews are designed to improve the management of the agency and to upgrade services to the public. As members of PERS who have contributed to its funding and who are now receiving retirement benefits, your observations regarding PERS are very important.

If you have not already returned the questionnaire, please do so. The questionnaire is quite short - only 27 questions - and will take about ten minutes to complete. For your convenience, another copy of the questionnaire and a self addressed, stamped envelope are enclosed.

Thank you for the time, help and consideration. Your interest in strengthening PERS and state government is greatly appreciated.

Very truly yours,

George L. Bousliman  
Director

enclosures



STATE OF MONTANA

Office of the Governor

**Budget and Program Planning**

Capitol Building - Helena, Montana 59601

Thomas L. Judge  
Governor

George L. Bousliman  
Director

August 16, 1978

Mr. John Prebil, Chairman  
Public Employees Retirement Board  
Department of Administration  
Helena, Montana 59601

Dear John:

Attached is a review copy of A Program Review and Client Satisfaction Survey of the Montana Public Employees Retirement System. This report contains a review of the program and the results of two surveys that were conducted, a comparative survey of retirement systems in other states and a client satisfaction survey.

Please review this report and submit your written comments no later than September 8, 1978.

Sincerely,



GEORGE L. BOUSLIMAN  
Director

GLB:cm  
Enc.

cc: Dave Lewis  
Larry Nachtsheim





STATE OF MONTANA  
DEPARTMENT OF HIGHWAYS

September 1, 1978

Mr. George L. Bousliman, Director  
Budget and Program Planning  
Office of the Governor  
Capitol Building  
Helena, Montana 59601

Dear George:

I have reviewed the Client Satisfaction Survey on the Montana Public Employees Retirement System and have discussed such with the Administrator of the Retirement Division. I have requested additional copies of the survey in order that other board members be informed of the study, but I do wish to state that I believe the survey was very complete and unbiased. The Retirement Division is responding to some of your facts and figures, but I do not believe any of them are significant enough to distort your report.

We will review your recommendations and will adopt them as soon as possible. I feel that the Retirement System should be doing everything possible, within reason, to have complete satisfaction of its members. A particular interest is the statement that retirement checks are not received for some 60 to 90 days after retirement. You should be aware that the Retirement Division is working on this problem and hopes to have the first warrant mailed within 30 days after the employee retires. This is a significant step in the right direction, and one which should make all retirees satisfied with that portion of the service from the Division.

One of the major problems that the Retirement Division has with all agencies is the timely reporting of final salaries earned upon retirement, final salaries of employees terminating who wish to draw out



Mr. George L. Bousliman  
September 1, 1978  
Page 2

refunds, and the municipalities and counties submitting timely reports of employer/employee contributions. The administrator will address these in his letter to you. It may be that legislation will be necessary in order to correct some of the problems.

I believe the report is very worthwhile and one which will aid the Retirement Division and all its members.

Sincerely,



John L. Prebil, Administrator  
Centralized Services

JLP:jae

cc: Dave Lewis  
Larry Nachtsheim  
Board Members





STATE OF MONTANA  
THOMAS L. JUDGE, GOVERNOR

PUBLIC EMPLOYEES' RETIREMENT BOARD

RED BARRETT  
ROBERT L. BATISTA  
W. N. COCALES  
JOHN L. PREBIL  
KEVIN J. SHANNON



DEPARTMENT OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT DIVISION

1712 NINTH AVENUE  
TELEPHONE AREA CODE 406/449-3154  
HELENA, MONTANA 59601

September 8, 1978

Mr. George L. Bousliman, Director  
Budget and Program Planning  
Capitol Building  
Helena, MT 59601

RE: Program Review  
Public Employees' Retirement System

Dear George:

Thank you for the opportunity to respond to this report.

While the report primarily addresses the P.E.R.S. with some reference to the other retirement systems we administer, it makes no reference to the social security program.

Although the social security program no longer has a separate budget, it is allocated four of the division's 20.25 F.T.E.'s and 10% to 15% of the operation budget. The report compares the total division staff to the staff and budgets of other states' retirement agencies many of which do not administer a comparable social security program. This makes some distortion in the comparison between Montana and other states.

RECOMMENDATIONS

No. 1. Enclosed is a copy of the current PERS brochure which will be updated after the next legislative session to include any legislative changes. The brochures for the smaller systems are more concise and directed primarily at benefits rather than procedures. In the smaller system there is so little benefit activity that in most instances the employing agencies work with us on almost an individual basis. We appreciate the importance of good retirement information readily available to the members and will continue to work to improve our information format and dissemination procedures.

No. 2. As a direct result of this recommendation legislation has been proposed to create a late penalty fee which may provide more effective responses from



Page 2  
Mr. George L. Bousliman, Director  
September 8, 1978

reporting agencies. We are reviewing our data processing system with the goal of providing refund and retirement data in a more efficient and timely manner.

No. 3. The division will continue to work to improve relationships with members in all areas including communications. However, we do not feel that one person can handle the diverse nature of our information requests nor the volume.

This is particularly true in the benefits section where estimates may number up to 70 to 80 a week. Each one of these estimates requires 1 to 2½ hours of calculating and verifying. All communications of this nature are channelled through the benefits section supervisor. All refund questions are directed to the refund clerk. All post-retirement questions; change of address, death information, federal withholding, insurance premium withholding are directed to the disbursing cashier who must make computer data changes.

Technical questions concerning payroll reporting are directed to the operations chief.

Legal and technical questions related to Board policy, legal determinations are handled by the administrator and the assistant administrator.

Social Security questions are handled primarily by the social security supervisor.

To channel all these information requests through a single individual would only serve to delay responses and would require additional staffing.

Thank you again for the opportunity to respond to this report and we will continue to internally review the operational procedures towards a more informative and efficient service.

Respectfully,



Lawrence P. Nachtsheim, Administrator  
Public Employees' Retirement Division

LPN/md  
Enclosure

copy to: Mr. John L. Prebil, Board President  
Mr. Dave Lewis, Director  
Department of Administration



STATE OF MONTANA  
THOMAS L. JUDGE, GOVERNOR

PUBLIC EMPLOYEES' RETIREMENT BOARD  
D. BARRETT  
J. BATISTA  
J. COCALES  
J. L. PREBIL  
J. J. SHANNON



DEPARTMENT OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT DIVISION

1712 NINTH AVENUE  
TELEPHONE AREA CODE 406/449-3154  
HELENA, MONTANA 59601

MEMBERSHIP AND BENEFIT PROVISIONS

MEMBERSHIP, PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ELIGIBILITY

I. Mandatory Membership

(1) Employees that will be employed for 60 working days, or 480 hours, in a fiscal year by any agency or contracting agency (County, City, School District, or other eligible Public Agency). The membership is to become effective with the first day of employment.

(2) Members who have retired from the P.E.R.S. and who have returned to work for a covered agency for a period in excess of 60 working days in a fiscal year.

(3) Seasonal employees where the employee can return in subsequent seasons.

II. Elective Membership

The following may become members of the Public Employees' Retirement System by filing an Application for Membership with the P.E.R.S. Board of Administration.



- (a) Elected Official
- (b) Persons who are employed at age 60 or older, with no previous creditable service
- (c) Direct appointees of the Governor
- (d) Employees of County Hospitals and County Rest Homes in 6th and 7th class counties
- (e) Employees in state service prior to July 1st, 1945, or employees of political subdivisions who have voted for P.E.R.S. coverage but elected, at that time, to be excluded from membership, may have this service qualified for retirement credit, provided that the following conditions are met:
  - (1) The time worked and the salary earned can be certified by the employing agency
  - (2) The employee contribution on the earned salary are paid plus the interest the contribution would have earned had they been on deposit in P.E.R.S.
  - (3) The employer contributions on the same salary are paid together with the accrued interest.

#### MEMBERSHIP CARDS

A completed Membership and Employment Record card must be filled out at the beginning of employment. The employing agency then should forward this card to the Public Employees' Retirement Division.

Completion of the Membership and Employment Record card is very important. Unless a completed card is on file in the Public Employees' Retirement Division office, a benefit cannot be paid or a refund of contributions made.

#### SERVICE RETIREMENT

BASIC FORMULA:  $1/60 \times \text{number of years of service} \times \text{average of three (3) highest consecutive years salary.}$

#### ELIGIBILITY REQUIREMENTS

- (1) Normal retirement is at 60 years of age with a minimum of 5 years of covered service credit or retirement at any age with 30 years or more of covered service.
- (2) Early retirement age for members not having 30 years of service is 55 years of age with an actuarial reduction.





Example: A Member retiring at 55 would receive 67% of the normal monthly allowance they would have received at age 60 with the same service and salary.  
(See Table, Page 11 for reduction amounts)

(3) A member at age 65 may retire with less than 5 years of service and receive a benefit based on the number of years of covered service.

#### RETIREMENT OPTIONS

1. Regular Retirement Option - provides a retirement allowance payable to the member for life. Any balance remaining of the total contributions at the time of death would be paid to the beneficiary as a lump sum (See tables on page 11 ).
2. Option #2 - provides a retirement allowance which is less than Regular Retirement Option and is paid to either the member or the beneficiary for as long as either should live.
3. Option #3 - provides that the member shall receive a lesser amount for as long as they live. At the death of the member, the beneficiary will receive one-half ( $\frac{1}{2}$ ) of the amount paid to the member.

#### RETIREMENT APPLICATION

(1) A member should notify the P.E.R.D. office of their tentative date of retirement from 3 to 6 months before termination. This notification should include an approximate retirement date and the birth certificate of the member and beneficiary.

(2) Upon receipt of the above notification, estimates of the amounts of the options available and an Application for Service Retirement will be sent to the member. These estimates should be very carefully checked by the member to determine that all eligible service has been included. Requests for estimates should not be made more than 6 months in advance of an anticipated retirement date.

(3) Approximately 30 days before the last day of work, the member should



complete the Application for Service Retirement and send it to the P.E.R.D. office. The option must be elected by the use of written initials on item #4 of the application. A member must allow a minimum of 60 to 90 days from the effective date of retirement before they receive their first check. The final benefit calculations cannot be made until final payroll figures from the employer are received in the P.E.R.D. office. The amount of the first check will be retroactive to the effective date of the retirement.

(4) If the retirement is unexpected and the notifications referred to in paragraphs (1) and (2) cannot be met, the member should contact the P.E.R.D. office immediately.

(5) Members who terminate their employment but leave their contributions on deposit should periodically contact the P.E.R.D. office to determine the status of their account, as requirements for retirement such as age, service, etc., are always subject to legislative change.

#### RESTRICTIONS ON RETIREES

(1) A retiree may work on a part-time basis after their retirement for a member agency of the Public Employees' Retirement System for not more than sixty (60) working days, or 480 hours, in any fiscal year. They may earn up to \$400.00 per month. If their earnings exceed these amounts, the retirement allowance will be reduced dollar for dollar of the excess. The employer must not withhold P.E.R.S. contributions in this instance.

(2) Any retiree employed by a covered agency for more than sixty (60) working days in any fiscal year (July 1 thru June 30) will be reinstated to active membership and their retirement benefits terminated until they again retire.

(3) No restrictions are made if a retiree works for any employer that is not covered by the Public Employees' Retirement System.



(4) If a member works on a permanent basis, and this includes permanent-part-time employment, the member's retirement allowance will be terminated. After 60 days of employment, the retiree will be reinstated as an active contributing member of the Retirement System.

(5) The retiree, through his employer, should notify the P.E.R.D. office before each period of employment and the employer must notify P.E.R.D. of the monthly hours worked and the monthly salaries earned.

## DISABILITY RETIREMENT

### ELIGIBILITY

Any member who has at least five (5) years of credited service, is unable to continue in their employment due to medical reasons and is not eligible for a normal service retirement, is eligible to apply for a disability retirement benefit. The disability must be of a permanent, or extended and uncertain duration, as determined by the Public Employees' Retirement Board.

The benefit will be based on the greater of:

- (a) 25% of final compensation, or,
- (b) 90% of the normal retirement benefit, based on the member's service and salary.

### DISABILITY APPLICATION

(1) A member who has determined that they are unable to continue to work because of disability should contact the P.E.R.D. office, stating the date of termination and giving the beneficiary's birthdate.

(2) At that time, a Claim for a Disability Allowance, an Attending Physician's Statement and estimates of the amounts of the available options will be sent to them.

The Claim for a Disability Allowance and the Election of Option should be completed by the member and returned to the P.E.R.D. office. The Attending Physician's Statement should be completed by the member's doctor and forwarded



to the P.E.R.D. office. The doctor must be a medical doctor and the medical information must be on the basis of a current examination.

(3) Upon receipt of the above, the information will be presented to the Public Employees' Retirement Board for their consideration. The member will be notified immediately of the Board's decision.

#### RESTRICTIONS ON DISABILITY RETIREES

(1) Periodically, at a time designated by the P.E.R.S. Board (usually on an annual basis) forms will be sent to the disabled retiree requesting their yearly earnings and current medical information.

(2) Should a disabled retiree's earnings in any month, plus the retirement allowance, exceed their monthly compensation at the time of retirement, his disability allowance shall be reduced accordingly.

(3) Any disabled retiree who returns to covered employment will be reinstated as an active contributing member in the retirement system and will be given credit for all service earned before their disability.

#### DEATH BENEFITS

Death benefits are available to the beneficiary of an active member which shall consist of one of the following:

(1) Lump Sum Payment

- (a) A member's accumulated contributions with interest, and,
- (b) An amount equal to 1 month of compensation for each year of service but not to exceed 6 months of compensation, regardless of years of service.

(2) Monthly Survivor Annuity

Any beneficiary of a member with 5 years of service is eligible for a monthly survivor annuity which is based on the service, final compensation and age of the member.

The applicable death benefit will be paid to the beneficiary of record on file in the P.E.R.D. office.





A member may check with the P.E.R.D. office if they have any questions concerning their nominated beneficiary. The employing agency or the P.E.R.D. office can furnish change of beneficiary forms upon request. Do not fill out membership cards to change beneficiaries.

#### REFUND OF MEMBERS' CONTRIBUTIONS

Termination of employment after July 1, 1974.

All of a member's contributions with interest will be refunded upon proper application and bona fide termination of service.

PLEASE READ REVERSE SIDE OF REFUND APPLICATION CAREFULLY  
REFUNDS WILL BE PROCESSED THE LAST WEEK OF THE MONTH  
FOLLOWING THE MONTH IN WHICH TERMINATION OCCURS OR THE  
MONTH IN WHICH THE REFUND APPLICATION AND REPORT OF  
CONTRIBUTIONS FOR THAT MONTH ARE RECEIVED IN THE P.E.R.D.  
OFFICE, WHICHEVER IS LATER.

(Employees who are on a bi-weekly payroll should be aware that if they work the final week of the month where the payroll period ends the next month, they will have to wait about 9 weeks for their refund. If a P.E.R.S. refund is a priority item, they should review their termination date accordingly.)

NO EXCEPTIONS!

#### REFUND ELIGIBILITY

Any member who terminates their employment for any reason other than death or retirement and is not returning to covered employment for a period of thirty (30) days, may elect to withdraw their contributions.



## REFUND APPLICATION

At the request of the member, the employing agency will prepare and forward to the P.E.R.D. office an Application for Withdrawal of Contributions.

## RESTRICTIONS ON REFUNDS

Members who accept a refund of their contributions are no longer members of the Retirement System and forfeit all rights to any benefits provided by the Retirement System.

Those who return to membership in the Public Employees' Retirement System will receive credit for previously refunded service if they repay the sum of the previous refund, plus the interest those contributions would have earned had they remained on deposit.

## WORKERS' COMPENSATION DISABILITY

(1) Any member absent because of an employment-related injury which entitles them to workers' compensation payments may contribute to the Retirement System, upon their return to service, amounts equal to the contributions which would have been made by them to the system on the basis of their compensation at the commencement of their absence. Whenever a member elects to continue their contributions, the employer shall contribute an amount equal to what its employer contributions would have been had the member not been absent from service.

(2) A member must file with the board, within 6 months after they return to service, a written notice of their intent to pay the contributions under subsection (1). The employer shall provide the employee with written notice of the provisions of this section which shall be signed by the employee and returned to the employer, who shall provide a copy to the board.

(3) A member must file with the Public Employees' Retirement Board, within 6 months after they return to service, a written notice of their intent to pay the employees' contributions.



MEDICAL INSURANCE WITHHOLDING FOR RETIREES

Every retiring public employee who is a member of a group health plan, which continues group coverage after retirement, should contact their employer prior to retirement.

Every qualifying retiree may elect to have their medical insurance premium withheld from their monthly retirement allowance.

RECIPROCITY WITH THE MONTANA TEACHERS' RETIREMENT SYSTEM

Any member who has service that is creditable with the Teachers' Retirement System and is currently a member of the Public Employees' Retirement System may transfer their teaching service credits to the P.E.R.S.; and, under the same provisions, P.E.R.S. credits may be transferred to Teachers' Retirement System.

MILITARY SERVICE

(1) Any member with 10 or more years of qualified service with the P.E.R.S. may elect to purchase one (1) year of military service credit for each year of P.E.R.S. service in excess of 10 years up to a maximum of 5 years military service provided that the member is not receiving a normal military service retirement based on this service. Cost is based on the normal contribution rate through the 11th and succeeding years.

(2) Any member who is in the military reserve, or receiving a military reserve pension, may qualify up to 5 years active military service on the same basis, as in (1) above, provided that their active military duty does not exceed 25% of the total sum of military service including reserve and active duty time.

RETROACTIVE AND PRIOR SERVICE

A member may secure service credit not previously credited by submitting salary information certified by the member's employer, or former employer, to the P.E.R.S. The P.E.R.S. will provide the proper forms for securing this information



and will advise the member of the required contributions after the necessary information is received by the P.E.R.S.

REGULAR RETIREMENT ESTIMATE TABLE

This table provides estimates of the benefits available under the Regular Retirement Option. The following instructions will explain the use of the table:

(1) Determine the monthly average of the 3 highest consecutive years of salary. 3 years annual salary divided by 36 equals monthly average salary. Find a number which corresponds to your average in the row of numbers at the top of the table.

(2) Find the number which corresponds to your years of service in the first vertical column on the left side of the table; move across the line until you are under the amount which is nearest to your average salary. The amount shown is the retirement allowance you would receive at age 60:

Example: 15 years of service  
\$700.00 average salary  
\$175.00 monthly benefit at age 60.

(3) Should your years of service or your average salary exceed the amounts shown on the table, calculate your benefit by adding the appropriate amounts together:

Example: 20 years of service  
\$1,500.00 average salary  
20 years @ \$1,200.00 = \$ 400.00  
add 20 years @ \$ 300.00 = 100.00  
Benefit \$ 500.00

(4) If the necessary numbers are not shown on the table, you may determine your benefit by multiplying your years of service by 1-2/3% x your average salary:

Example: 31 years of service  
\$950.00 average salary  
31 x .0166 x \$950.00 = \$488.00 monthly benefit

Example: 9 years of service  
\$200.00 average salary  
9 x .0166 x \$200.00 = \$29.00 monthly benefit at age 60





Estimated Monthly Retirement Allowance  
(At Age 60 and Over)

Appendix - C

REGULAR RETIREMENT OPTION

<u>Final Compensation (Estimate average of 3 highest yrs of Salary)</u>										
<u>Years of Service</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>600</u>	<u>700</u>	<u>800</u>	<u>900</u>	<u>1000</u>	<u>1100</u>	<u>1200</u>
5	\$ 25	\$ 33	\$ 41	\$ 50	\$ 58	\$ 66	\$ 75	\$ 83	\$ 91	\$ 100
6	30	40	50	60	70	80	90	100	110	120
7	35	46	58	70	81	93	105	116	128	140
8	40	53	66	80	93	106	120	133	146	160
9	45	60	75	90	105	120	135	150	165	180
10	50	66	83	100	116	133	150	166	183	200
11	55	73	91	110	128	146	165	183	201	220
12	60	80	100	120	140	160	180	200	220	240
13	65	86	108	130	151	173	195	216	238	260
14	70	93	116	140	163	186	210	233	256	280
15	75	100	125	150	175	200	225	250	275	300
16	80	106	133	160	186	213	240	266	293	320
17	85	113	141	170	198	226	255	283	311	340
18	90	120	150	180	210	240	270	300	330	360
19	95	126	158	190	221	253	285	316	348	380
20	100	133	166	200	233	266	300	333	366	400
21	105	140	175	210	245	280	315	350	385	420
22	110	146	183	220	256	293	330	366	403	440
23	115	153	191	230	268	306	345	383	421	460
24	120	160	200	240	280	320	360	400	440	480
25	125	166	208	250	291	333	375	416	458	500
26	130	173	216	260	303	346	390	433	476	520
27	135	180	225	270	315	360	405	450	495	540
28	140	186	233	280	326	373	420	466	513	560
29	145	193	241	290	338	386	435	483	531	580
30	150	200	250	300	350	400	450	500	550	600

For retirements between the ages of 55 and 60 apply the following percentages to the appropriate monthly allowance shown above:

<u>Age</u>	<u>Percent</u>
55	.67
56	.72
57	.78
58	.85
59	.92

(For Further Information Write to the Administrator)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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